



NEWS RELEASE

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MMS workshop seeks input on royalty reporting and payment

DENVER – A public meeting has been scheduled Wednesday, Dec. 14, 2005, in Houston, Texas, to seek public comment and suggestions on proposed regulations for so-called “takes versus entitlements” reporting and payment of royalties when oil and gas production is commingled upstream of the point of royalty measurement.

The public meeting is scheduled from 9 a.m. to 1 p.m. (central time) December 14 at the Sheraton North Houston Hotel, 15700 John F. Kennedy Blvd., in Houston. The meeting will be conducted in the San Antonio Room located on the second floor of the hotel.

The purpose of the meeting is to allow the public an opportunity to comment on how MMS should implement the royalty reporting and payment provision at section 6(d) of the Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA). The issue arises primarily when the amount of natural gas taken (takes) and sold by a lessee from Federal leases subject to a unit or communitization agreement is not equal to the lessee’s entitled share (entitlements), based on its ownership interest in leases in the unit or communitization agreement. While RSFA clarified and resolved most of the long-standing issues regarding so-called “takes versus entitlements,” issues remain when oil and gas production from multiple properties is commingled upstream of the point of royalty measurement.

In addition to the Dec. 14 public workshop, the Minerals Management Service is also accepting written comments and suggestions on the reporting and payment issue. Written comments must be submitted by Jan. 30, 2006, to: Minerals Management Service, Minerals Revenue Management, P.O. Box 25165, MS 302B2, Denver, Colorado, 80225-0165. E-mailed comments may be submitted to: www.mrm.comments@mms.gov.

The Federal Register advance notice of the proposed rulemaking and public meeting can be accessed on the web at: http://www.mrm.mms.gov/Laws_R_D/FRNotices/AC29.htm

The Minerals Management Service will carefully review all comments and suggestions received before writing a new proposed rule.

MMS, an agency of the U.S. Department of the Interior, manages offshore oil and gas exploration as well as renewable and alternative energy sources such as wind, wave, and solar on 1.76 billion acres of the Outer Continental Shelf while protecting the human, marine, and coastal environments. The OCS provides 30 percent of oil and 21 percent of natural gas produced domestically, and sand used for coastal restoration. MMS collects, accounts for, and disburses mineral revenues from Federal and American Indian lands, and contributes to the Land and Water Conservation Fund and other special use funds, with Fiscal Year 2005 disbursements of approximately \$9.9 billion and more than \$153 billion since 1982.

MMS Website: www.mms.gov
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